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SUBJECT: COLOMBIAN VIEWS ON TRADE RELATIONS WITH CHINA

Summary

1. (U) SUMMARY. Chinese investor interest in Colombia has risen rapidly since the November 2008 publication of China's white paper on Latin America, Colombian diplomats told Emboff. Colombia is wary of Chinese motives and what it sees as lax Chinese environmental and labor standards. However, Colombia needs new economic partners, particularly given the lack of progress on a U.S.-Colombia Free Trade agreement (FTA), they said. Colombia is mainly interested in Chinese investment, and not in an FTA with China, since the two countries' export products compete. President Uribe's decision to host the third annual China-Latin America Entrepreneurs Summit in Bogota in November also signals Colombia's growing interest in China.
End Summary.

CHINESE INTEREST IN COLOMBIA, POTENTIAL HAIER INVESTMENT

2. (SBU) Chinese interest in Colombia has picked up substantially since China's November 2008 publication of a white paper outlining an updated policy on Latin America, Colombian Commercial Attache Alejandro Ossa told EmbOff on March 18. Chinese companies that previously were not interested in the Colombian market are now showing very active interest as if responding to a clear directive, he said, citing Haier as an example. After Venezuelan President Hugo Chavez visited China in 2006, Haier and other Chinese companies like Huawei were instructed by the Chinese government to invest in Venezuela. Contacts at Haier had told the Colombian Attache that they had been reluctant to invest in Venezuela and therefore dragged their feet. However, they are now in discussions about investing in Colombia instead. Haier considers Colombia to be more stable than Venezuela. Because its economic policies are "more open" than Venezuela's, they believe Colombia to be a better base for targeting the rest of Latin America. A Haier delegation

accompanied Chinese Vice President Xi Jinping to Venezuela and Colombia on his February 2009 visit to Latin America.

COLOMBIAN FRUSTRATION WITH U.S. FTA

13. (SBU) Ossa said that Chinese interest in Latin America is driven primarily by a desire to expand China's influence. It is clear that the Chinese are willing to enter into deals without strong economic benefits. Unlike the United States, Beijing makes no demands, he said. Colombia is looking for additional economic partners, particularly as there is resentment over the fact that the U.S.-Colombian FTA has still not been approved by Congress. Ossa added that Colombia resents that human rights issues have been a major impediment to the U.S.-Colombia FTA, while many believed human rights were largely ignored during Secretary Clinton's February visit to China.

COLOMBIA NOT INTERESTED IN FTA, ONLY INVESTMENT

14. (SBU) Unlike Chile, Colombia is not interested in an FTA with China because Sino-Colombian trade is not complementary. On the contrary, BEIJING 00000841 002 OF 002

the two countries' products compete. Ossa says that Colombia is not willing to be "walked all over" by China "like Africa and Venezuela." Ossa admitted that Colombian attempts to increase some product exports, in particular fruit, have been unsuccessful due to the undeveloped nature of Colombian food and safety regulatory agencies.

15. (SBU) Colombia is interested in Chinese investment, Ossa said. In particular, the Colombian government is interested in Chinese investment in infrastructure, chemicals, automobile plants and consumer electronics. They are less interested in investment in mining or hydrocarbons because they are suspicious of China's environmental and labor practices, and are unwilling to make concessions on those fronts. (Note: Colombian labor laws require companies to employ 10 Colombians for every foreigner hired. End note.)

COLOMBIA TO HOST CHINA LATIN AMERICA BUSINESS SUMMIT

16. (U) During the APEC meeting in Peru last year, President Uribe and President Hu discussed the possibility of Colombia hosting the third China-Latin America Entrepreneurs Summit. It was officially announced in February 2009 that the summit will be held in Bogota in November 2009. Ossa noted that this was another signal of how interested Colombia is in beefing up its economic relations with China.

